

October 08, 2015

Facility	Amount (Rs. Crore)	Rating
Cash Credit	15.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of **'SMERA B+' (read as SMERA B plus)** to the Rs.15.00 crore bank facility of Singla Motors Private Limited (SMPL). The outlook is **'Stable'**. The rating is constrained by a weak financial risk profile, working capital intensive operations and stretched liquidity. However, the aforementioned weaknesses are partially offset by the company's experienced management and healthy relations with customers and suppliers.

SMPL, incorporated in 2011, is a Haryana-based company that manufactures pumps, stainless steel submersible motors and AC induction motors used in the agricultural sector, households and the industrial segment. The company has a weak financial risk profile evident from the high leverage (debt-to-equity ratio) of 4.29 times in FY2013-14 (refers to financial year, from April 1 to March 31). The company's operations are working capital intensive with gross current assets (GCA) of 282 days, inventory holding period of 195 days and collection period of 89 days in FY2013-14. The company's liquidity is stretched evident from the high average utilisation (97 per cent) of cash credit limit during the seven months ended June 2015.

SMPL benefits from its experienced management. Mr. Virender Kumar, Director, has more than two decades of experience in the company's line of business. The company also benefits from its established relations with customers and suppliers.

Outlook: Stable

SMERA believes SMPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established association with customers and suppliers. The outlook may be revised to 'Positive' in case SMPL registers strong growth in scale of operations, improvement in the capital structure and working capital management. The outlook may be revised to 'Negative' in case of deterioration in the company's capital structure, or if the working capital cycle is stretched.

About the Company

SMPL, incorporated in 2011, is a Haryana-based company that manufactures submersible, monoblock pumps, stainless steel submersible motors and AC induction motors used in the agricultural sector, households and industrial segments.

For FY2013-14, SMPL reported profit after tax (PAT) of Rs.0.40 crore on operating income of Rs.29.47 crore as compared with PAT of Rs.0.23 crore on operating income of Rs.33.36 crore for

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FY2012-13. For FY2014-15, SMPL reported operating income of Rs.26.76 crore (provisional). The company's net worth stands at Rs.3.83 crore as on March 31, 2015 as compared with Rs.3.57 crore a year earlier.

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